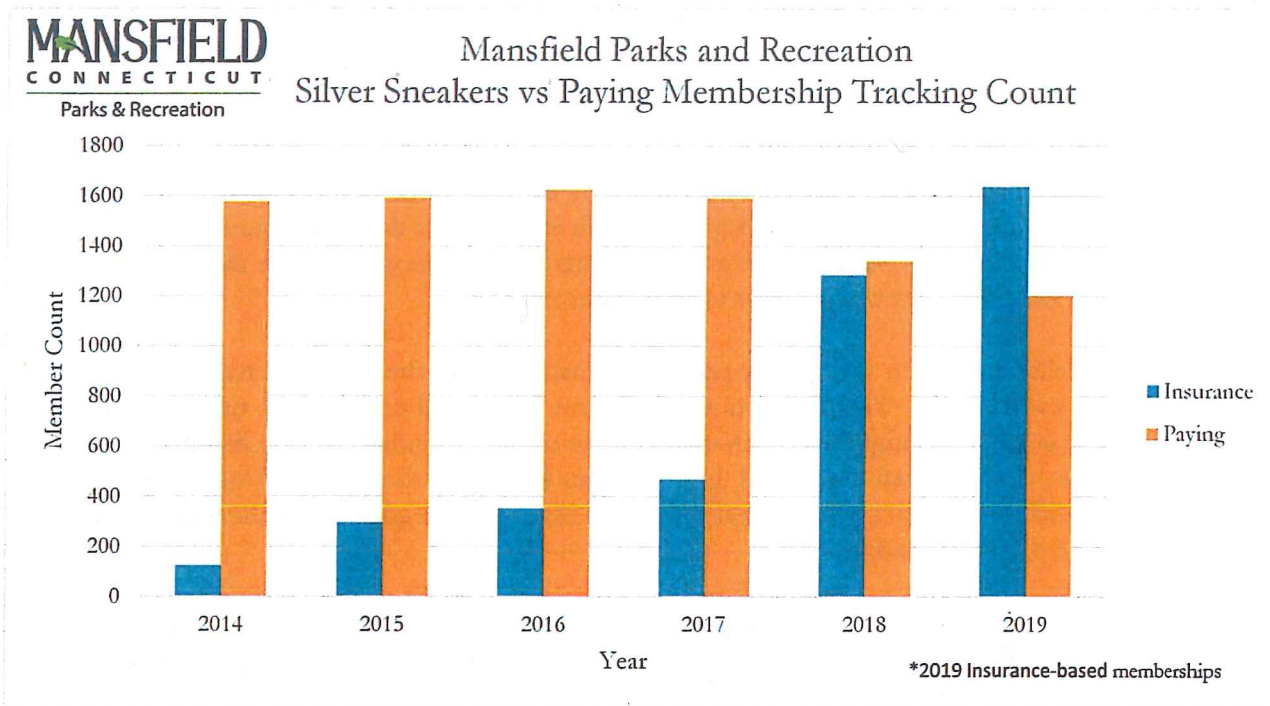


ISSUE PAPER

PARKS AND RECREATION FUND SUSTAINABILITY

Over the last five years, since the insurance industry's shift to the Silver Sneakers program for many retirees, the Parks and Recreation fund has seen significant losses in revenue. While there is potential for positive revenue from the Silver Sneakers program if there was active participation from those who have the benefit, the reality has been that many people with this membership type end up not using this insurance benefit as much as it was intended. The Community Center is reimbursed \$3 per visit per member by a program management company on a monthly basis, with a maximum of \$30 or ten visits per person per month. The average revenue per person per month revenue has been less than \$7 per person per month. In comparison, a paying member would normally be a little over \$34 (resident individual rate) per person per month. As the graph below illustrates, the Silver Sneakers membership type (including a smaller portion of Renew Active participants) has far exceeded all other paying membership types at the Community Center. If the Silver Sneakers revenue was half of the revenue of a paying member or around \$17 per person per month, the fund balance would naturally grow and thus be fully sustainable under the current and proposed fiscal year.



Total membership has increased which is a positive trend for the health of the community as a whole and the main reason the Community Center was built. The Parks and Recreation fund balance goal is to work towards fifteen percent of budget, which is consistent with the Town's fund balance goal. Over the sixteen years of the Community Center operation, up until last fiscal year, there has been over-all positive, but slow growth of the fund balance. The current insurance trend of more and more people obtaining the Silver Sneakers benefit does not make the fund sustainable unless the current participation/visitation reimbursement rate more than doubles. The fund balance was reduced by \$-(81,355) in fiscal year 2018-19 and is projected to be reduced by another \$-(46,850) in the current fiscal year. The proposed budget for fiscal year 2020-21 is expected to be even more of a reduction at an estimate of \$-(152,320).

There are several other factors that have also contributed to this negative outlook, including:

- 1) a significant reduction in fund revenue from the general fund for fee waivers (see graph below);
- 2) an aggressive approach by the State Legislature to raise the minimum wage which is costing the fund over \$50,000 in additional expenditures next fiscal year. There will be similar related

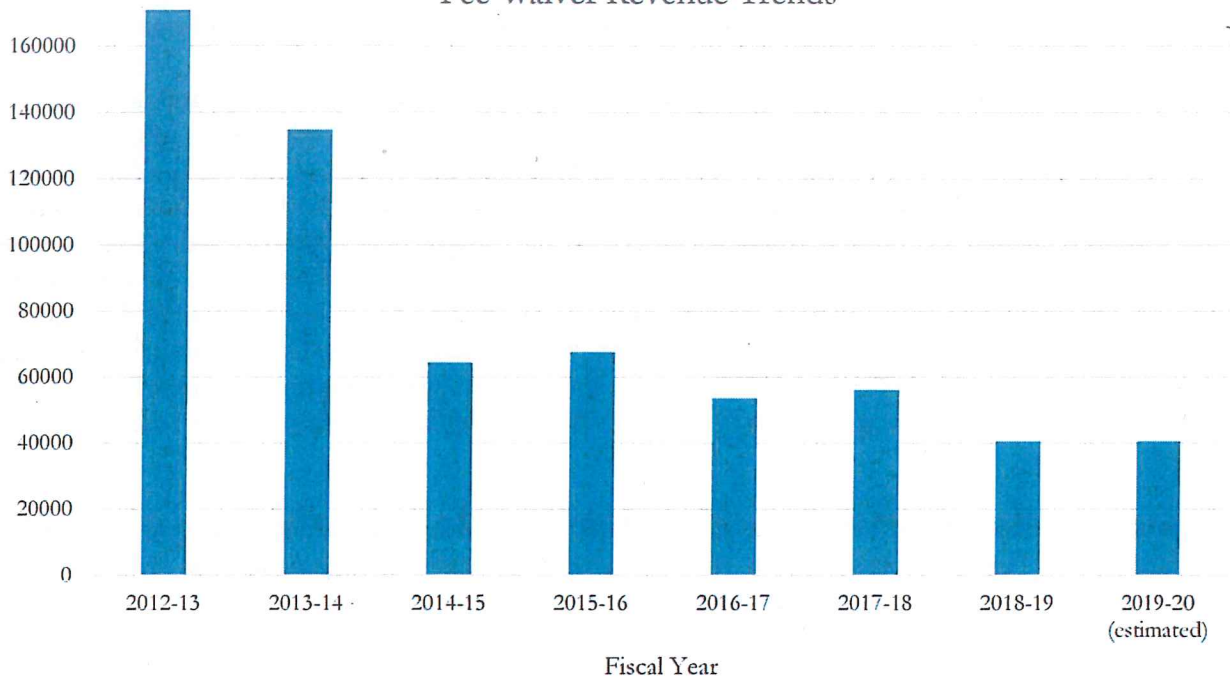
increases in subsequent years with the State's three-year plan of increasing the minimum wage to \$15 per hour. The expenditure costs to operate programs and facilities within the fund other than this typical payroll increase for the most part have been contained. Any additional cuts in personnel will most certainly effect services, which in turn will effect revenue even more negatively; and

- 3) in fiscal year 2014-15, staff introduced concerns to the Finance Committee about long term sustainability and at that time it was agreed there needed to be a greater contribution from the general fund to support select services provided to the community by the department. A slow increase to the contribution began, but over the last five years, this approach was minimized due to the problems associated with the State budget crisis, causing the general fund to limit the adjustments that were planned.

MANSFIELD CONNECTICUT

Parks & Recreation

Town of Mansfield Parks and Recreation Fund Fee Waiver Revenue Trends



Staff has been negotiating with the Silver Sneakers management company to address concerns about lack of active participation and have attempted to introduce incentives for Silver Sneakers members to visit more frequently, but to date the trend of low participation has not shifted enough to keep pace with increases in costs. The following are a few options that can be considered, with the pros and cons associated with each:

1. Cancel the Silver Sneakers contract:

- a. Pro – None. All local fitness facilities provide this membership option and without this option, the Community Center would lose more than half of its membership. It is likely that some of the Silver Sneakers members who can afford to would return as paying members, however the percentage of those who would will not make up for the total loss of Silver Sneakers members. Unless most other local facilities also cancelled their Silver Sneakers contracts, the Community Center would have a difficult time competing in the market.

- b. Con – the Community Center would lose over half of its membership and it is expected that there would be considerable push back from the community as this is a benefit that was negotiated into their insurance program.
- 2. Introduce new programming incentives to increase Silver Sneakers participation:
 - a. Pro – This would definitely drive more people who have the benefit into the facility. Staff are actively working to increase programming options and incentives when possible.
 - b. Con – There are a limited of Silver Sneakers certified instructors who can lead classes. Classes are often filled with waiting lists and there are not enough program rooms to handle the demand. Staff are beginning to use other Town facilities (Senior Center and Lenard Hall), but this makes it more difficult to credit a visit at the Community Center. Also, additional programming adds cost for instructors and supplies that are required by Silver Sneakers to run their programs.
- 3. Increase the General Fund contribution to level needed for fund sustainability:
 - a. Pro – A greater contribution, which was intended by the Finance Committee many years ago, would bring some stability to the natural growth of the fund.
 - b. Con – This option will cost the general taxpayer a small increase in the percentage of tax supported services that are apportioned to the Parks and Recreation Fund.

In summary, the Community Center facility has been a positive asset of the Town and is utilized more on a day-to-day basis than any other town facility for a variety of services. The health of the community was the primary reason the Community Center was built and the quality of life for residents is greatly increased by the resources that it provides. There is a significant amount of revenue that is generated by the Parks and Recreation Fund through membership and programs that are offered. The revenue to expenditure ratio has been negatively affected by factors that are mandated by outside sources, causing a strain on the sustainability of the fund. The business of operating a fee based program and membership has worked under a self-supporting model since the opening of the Community Center facility. Significant changes in the industry due to insurance benefits and a growing senior population have made the current model challenging and unsustainable. The current model is no longer realistic given the industry changes.

The proposed General Fund budget includes a \$34,010 or 5.85% increase in the contribution to the Parks and Recreation Fund, consistent with the Finance Committee's recommendation in FY 2014/15. However, this is not sufficient to maintain operations in the upcoming year.